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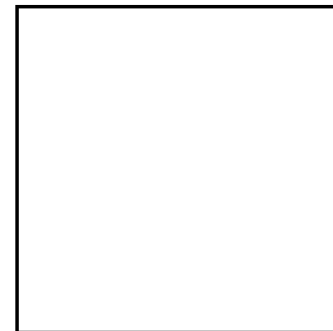
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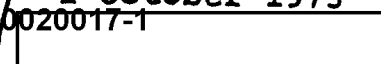
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This publication was prepared by the China branches of the East Asia - Pacific Division of the Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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A Soggy Send-Off

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In its story on Pompidou's departure from Peking, NCNA noted that the French President had been seen off "in a drizzle." Whether intended or not, this uncharacteristic climatological aside accurately reflected the diplomatic atmosphere surrounding the entire visit.

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The joint communique issued at the end of the visit was a sharp reminder to the Chinese of just how limited their leverage in Western Europe is. Although the communique stated that China and France held "broadly identical views," unity was expressed only on noncontroversial subjects.

On Europe, the area where Peking probably concentrated most of its attention, Sino-French views diverged sharply. Peking's section of the communique stressed its support for a strengthening of Europe militarily through greater unity; Paris' formulation observed that France was pursuing "a policy aimed at detente." While Peking apparently pushed Paris to condemn any power that sought hegemony in Europe, the communique noted only that the two sides opposed "hegemony of any type." Even in areas like nuclear defense and disarmament, where Chinese and French views are very similar, the communique went no further than to note that these subjects had been discussed.

While France and China remain very far apart on diplomatic questions, there were hopeful notes on the economic front. The Chinese took several occasions, including a banquet toast by Vice Chairman Wang Hung-wen, to endorse further economic exchange and "contacts in the field of industrial technology." Although no major deals were signed while Pompidou was in Peking, negotiations are close to completion for the sale of \$300 million worth of petrochemical plants to be integrated into China's planned 18-plant synthetic textile complex. This would be the largest single purchase of Western technology China has ever made.

The Chinese are still undecided on whether to buy the two Concorde aircraft on which they have options, but they are still exhibiting strong interest in purchasing French-built Super Frelon helicopters. Air France opened service to Peking just prior to the Pompidou visit, and the Chinese will probably soon be flying their new 707s to Paris.

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Rehabilitation--The Long March Back

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A year ago, party cadre were reportedly studying a document on the proposed rehabilitation of ten "great cadre"--former party leaders ousted during the Cultural Revolution. The document was allegedly withdrawn from circulation about a month later on the grounds that far more than ten cadre were slated for return. Although the recent party congress marked the return of some 20 officials, not all of them were party leaders before their fall and only four were of sufficient stature to reasonably be counted among the ten "greats."

The rehabilitation policy, which came under attack in the weeks preceding the party congress, has long been a bone of contention between, on the one hand, party leaders who recognize the need for experienced veterans to help run party affairs and, on the other, newer officials who regard the return of former leaders as a threat to their own positions. Opponents of the rehabilitation policy had some success in limiting the status of those who returned--all regained Central Committee seats but none was named to the Politburo--and in apparently postponing the return of others. It is now too late for party officials who may return in the future to win a seat on the Central Committee.

Only the first of the returnees, former party secretary general Teng Hsiao-ping, has thus far been given an official title. [REDACTED]

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[REDACTED] Teng has been active in meeting and greeting foreign delegations, a job that does not necessarily give him any political clout but does afford him greater responsibility than his fellow returnees. Some may eventually be named to government ministries, particularly if the party wants to replace military men who now head ministries with civilians.

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The return of certain officials apparently generated more controversy than the return of others. For example, former Politburo member Tan Chen-lin, who was rehabilitated in August, was a spokesman for ousted officials after the Cultural Revolution had claimed its first victims. Known as the "February adverse current," Tan's defense of disgraced party leaders in 1967 earned him the enmity of Cultural Revolution activists and led to his downfall. Propaganda references to the "adverse current" have been sparse in recent years, but they cropped up again shortly after Tan's return, indicating that some were protesting his rehabilitation.

One of the earliest references to the "adverse current," three days after Tan's return, came from Fukien Province, where the rehabilitation policy hit especially close to home. Fukien party boss Han Hsien-chu reportedly opposed the return of his predecessor, Yeh Fei, because Yeh had reprimanded Han in the early 1960s. Yeh allegedly had Chou En-lai's backing, and Mao reportedly sided with Han. In any

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event, Yeh was named an alternate member of the Central Committee, a move reportedly seen by Fukien party cadre as a compromise solution. Most, but not all, of the former province chiefs who were rehabilitated at the party congress became alternate members of the Central Committee. Conceivably, their status was the result of similar compromises. In any event, it is clear that personal rivalries--some of them predating the Cultural Revolution--have complicated the already delicate process of rehabilitation.

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Where They Stand on Exams

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The debate over college entrance requirements, kept alive during the Tenth Party Congress by almost daily diatribes from Liaoning Province, died down quickly once the congress adjourned. The central issue, the role of entrance examinations in the admissions process, remains controversial and has not been completely resolved. Although the question is no longer being aired publicly now that the enrollment for this year is finished, China's leaders will try to work out a compromise during the winter in time for next year's admissions drive. While attempting to safeguard academic standards, the arrangement on examinations is likely to take into account the complaints of rusticated youth, who claim they cannot pass scholastic examinations after spending several years in the countryside, and the objections of radical ideologues to the use of test scores to screen out unqualified applicants.

Last summer's public outcry over the use of examinations and Peking's agreement to de-emphasize them have apparently delayed the opening of universities. In the past, the university school year began around the end of August, but the first announcement of college reopenings this year was not made until 17 September. The announcement came from Shanghai, which had not previously acknowledged the use of entrance examinations and in fact may not have given them.

Universities in areas that did administer examinations have probably been even slower to reopen.

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After the order from Peking to go back to the drawing board, it appears that some areas that had earlier used examinations decided it was safer to drop them the second time around, while other areas tried to devise a new test that would not raise political hackles. An NCNA release of 24 September did little to clarify the issue. Announcing that the 1973 enrollment was complete, NCNA said nothing about testing applicants, although an earlier announcement—released only in English—

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noted that examinations were "supplementary." some who did well on the tests were nonetheless rejected on political grounds.

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Some form of examinations will probably be used next year, but the weight they will have in the selection process will depend largely on the ability of their

supporters to overcome the opposition of some elements in the leadership

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A Quiet Anniversary

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While the first anniversary of the normalization of Sino-Japanese relations passed almost unnoticed last week, there were faint signs that Peking now feels the time is ripe to attempt to break the log jam in bilateral relations.

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The Chinese are clearly pleased that Tokyo's efforts to play triangular politics with Moscow and Peking have made little headway. Just as Peking was moderating its previous tough opposition to Japanese cooperation with the USSR in the proposed Tyumen oil project, the Soviets began to throw up serious obstacles themselves. Particularly disturbing to Japanese negotiators was a recent Soviet statement that Tokyo would receive only about half as much oil as had previously been discussed. As if this were not enough, Moscow has been extremely difficult in arranging with Tokyo for the forthcoming visit by Prime Minister Tanaka to the USSR, and prospects for any real progress in bilateral relations is now extremely bleak.

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Housing the Barbarians

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There has been a recent upsurge of construction activity in China to expand facilities to handle a growing number of foreign visitors. Premier Chou En-lai has stated on several occasions that an important reason why China cannot suddenly open the country to additional tourism is the shortage of lodging facilities. While tourism, with its attendant foreign-exchange earnings, is currently a minor factor at best, the potential for the future may be worthy of consideration. An indication of Chinese concern came last November when a group from the PRC visited Gammon (Hong Kong) Ltd., to study hotel construction and management. A month later, a group of Chinese engineers, together with building and construction experts, went to Hong Kong to study high-rise building techniques. Prices of both rooms and meals have been increased in Canton and Peking in a very capitalistic recognition of a short supply and a rising demand.

New construction in Canton centers around the twice-yearly trade fairs. Current projects there include a 900-room hotel adjacent to the Tung Fang hotel and a new exhibition building. Improvements are under way on transportation and communication facilities as well. In Peking, foreigner-related construction includes additions to hotel space for temporary guests and additional housing for the more-permanent diplomatic personnel. A 20-story addition to the Peking hotel is under construction, and a new terminal is planned for the international airport. The influx of diplomats from countries that have recently recognized Peking has put an increasing strain on available housing. Foreign trade expositions similar to the British Industrial Technology Exhibition in March 1973, which brought 1,000 Britons to Peking, also cause a strain on temporary quarters.

China's traditional resort areas are not being neglected in the current construction program. A new hotel has been planned for the resort city of Hang-chou. Plans are under way for additional transport services for visitors, including an increase in the frequency of civil air flights between Shanghai and Hang-chou. The Chinese clearly anticipate the need for new passenger service, facilities, and lodging. Improved airport and road facilities are planned for another famous beauty spot—the city of Kweilin. A \$5-million development plan for this traditional resort includes a 700-room hotel overlooking the Li river, an expanded airport, and a new theater. All are scheduled for completion by the end of 1974.

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Courting Cairo

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The Chinese took another measured step in their cautious courtship of Egypt by giving Vice President Shafi a red-carpet reception during his visit to Peking from 21 to 24 September. The handling of the visit nearly matched the welcome for French President Pompidou. In addition to being greeted by high Chinese dignitaries, Shafi held extensive talks with Premier Chou En-lai and was granted a long talk with Mao. A two-hour conversation with the Chairman is an honor not usually accorded officials of Shafi's rank.

In his public remarks Chou again returned to the anti-hegemony theme which he had emphasized in his report to the Tenth Party Congress. He noted that the superpowers were responsible for the "no war, no peace" situation in the Middle East and asserted that both superpowers were in effect helping Israel, to the detriment of the Arabs. Probably out of deference to his guest, however, Chou's remarks lacked the harsh anti-Soviet tone of many of his recent speeches. Shafi responded by indirectly chiding the USSR about the "great worry and uneasiness" caused by the "recent continuous development of the international situation" since the Nixon-Brezhnev summit.

In his private talks with Shafi, Chou may have had some success in narrowing the gap between Chinese and Egyptian approaches to the Middle East problem. Chou undoubtedly played on Egyptian dissatisfaction with Moscow's performance on behalf of the Arabs and fears for Arab and Egyptian interests during a period of US-Soviet detente. The Chinese probably also sought to reassure their guests that China's abstention from voting on the Middle East resolution at this summer's UN Security Council debate did not mean a lessening of support for Cairo. Chou may also have taken the opportunity to reassure Egypt that Peking's endorsement of Iran's defense policies in the Persian Gulf is directed against the expansion of Soviet influence and not intended to advance Tehran's interests over those of neighboring Arab states.

Chinese military aid to Egypt may also have been discussed. Shafi's entourage included the minister of military production and an assistant minister of war. On the Chinese side, the deputy director of the general logistics department of the PLA took part in the talks. [REDACTED]

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[REDACTED] It is unlikely, however, that the Chinese have gone beyond agreeing to continue to provide limited amounts of supplies, although they might also be willing to engage in a restricted military training program. [REDACTED]

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Out With the Chiang Gang

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Peking's formal demand last week that the Nationalist government on Taiwan be removed from membership in the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF) does not necessarily imply that the PRC is interested in joining either organization at this time. The move makes clear, however, Peking's intention to seek the removal of the Nationalists from all international institutions.

The demand came in the form of messages from Foreign Minister Chi Peng-fei to IBRD President Robert McNamara and IMF Managing Director Johannes Witteveen. Chi called their attention to the UN resolution of October 1971 which expelled the Nationalist representatives from the United Nations and called on all UN organizations to follow suit. Chi's message was followed by a Tanzanian move to bring the issue before the annual meeting of the IBRD/IMF in Nairobi.

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25X1 [] The Chinese probably wish to avoid any move which would involve a significant financial contribution, close consultation on economic planning, and access to important PRC statistics—all of which membership would require. Publicly demanding Taiwan's removal, on the other hand, serves to keep pressure on Taipei in a sensitive economic area and to remind the world of Peking's legitimacy as the sole legal government of China. 25X1 []

Mass Organizations -- A Mass Slowdown

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China's four mass organizations -- the national trade unions, women's groups, peasant associations, and the Communist Youth League -- were slated for revival this year after a long period of inactivity dating from the Cultural Revolution. The effort got off to a good start after the New Year's editorial indicated that their reconstruction would be one of the regime's major goals for 1973. The provincial-level Communist Youth League structure was rebuilt at a good pace, although probably at a slower rate than originally envisioned. The revival of provincial-level trade unions and women's groups began shortly thereafter and progressed well for a while. But starting in mid-July things began to slow down; by late August, reconstruction of the unions was stalled in two provinces and rebuilding of women's associations was only three quarters complete. National-level bodies have not been created for any of these groups, and the resurrection of the peasant associations has yet to begin in earnest -- even at the provincial level.

In most cases the demands of the spring harvest, follow-up planting, and preparations for the Tenth Party Congress account for the hiatus, but in a few provinces political rows may be the primary cause. Kweichow's difficulty in reviving its mass organizations is understandable. This province has been plagued by leadership difficulties for years, and only recently four newcomers replaced those individuals purged in the aftermath of the Lin episode. Honan has been comparatively stable over the years, but in May the number-two man dropped to number nine, possibly reflecting continuing problems. Shantung purged its number-two man this month after a period of public struggle that probably accounts for the delay in completing mass organizations there.

The unions, women's groups, peasant associations, and youth leagues are among the many channels used to mobilize the population for various campaigns. The failure to completely rebuild them by year's end will have no real political impact. Moreover, inasmuch as their role in selecting delegates to the forthcoming National People's Congress is minor in the best of circumstances the failure to revive these organizations in time to perform this task will not affect the convening of that body.

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Authority But No Title

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The Cultural Revolution devastated the leadership of China's 29 provincial-level units. The reconstruction effort has been drawn out and at times held back by divisions at the center and by related factionalism within individual provinces. In recent months, Peking has transferred, promoted, or rehabilitated cadre in an effort to achieve relative stability and clear lines of authority in such troubled provinces as Heilungkiang, Sinkiang, and Szechwan. At present, only two provinces—Kiangsi and Kweichow—remain without a designated first secretary.

Peking's efforts to reduce the influence of military men in provincial politics probably best explains why She Chi-te of Kiangsi and Lu Jui-lin of Kweichow have not been officially acknowledged as first secretaries of their respective provinces, although they act as the leading officials in all respects. Both are career military officers who were picked by Peking and transferred from neighboring provinces to restore order in Kiangsi and Kweichow. Their efforts were endorsed with their election to full membership on the tenth Central Committee. If they were civilians, both men would probably have the first secretary title to go with the authority they have been exercising.

Other factors further complicate She's appointment. He has had long service in Foochow Military Region—of which Kiangsi is a part—and may have close ties to Han Hsien-chu, the head of neighboring Fukien Province and long-time commander of Foochow Military Region. During his tenure in Fukien, Han has repeatedly weathered attempts, presumably by those who object to his role in the Cultural Revolution, to undermine his authority. They may now be objecting to She's appointment for fear it will solidify Han's control over Kiangsi.

It is more than ironic, in view of recent efforts to reduce the role of the army in Chinese politics, that Peking chose two military men with extensive local ties to restore order in Kiangsi and Kweichow. Their role in restoring order is indicative of the military's continuing importance in maintaining stability in the provinces.

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Entering the Container Age

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The Chinese have shown some interest in recent overtures by US and Japanese shipping companies regarding the introduction of containerized cargo shipments into China. China lacks even the most basic facilities for handling containers, however, and substantial equipment purchases would be required before China could fully utilize these services.

Representatives of Sealand Lines Inc., a major US container-shipping company, recently went to Peking to negotiate an agreement. Sealand is offering to lease 30-ton containers to the Chinese and would use Sealand facilities at Hong Kong as a collection and distribution point. Initially, service would include south China only--most cargo from north China is being carried by Japanese shippers. According to Sealand officials, Peking does not want to become overly dependent on Japan; the south China market was suggested to Sealand to balance the situation. Sealand officers estimate initial trade at 1,000 containers a year--a very small amount--but they also foresee great sales possibilities in developing container facilities for China and in selling container ships to China.

The Japanese have already delivered the first shipment of small five-ton containers to China. Japan's Shinwa Shipping Company expects to use these containers to haul such items as foodstuffs, electric appliances, and machinery, and foresees savings of 50 percent in the cost of handling. About 200 containers a year are expected to be used on once or twice monthly sailing schedules starting in September. The current Japanese commitment is small--thus the use of the small five-ton containers--since Shinwa reportedly believes that Sino-Japanese trade requirements do not require the 30 and 40 ton variety; in any event, China does not have the facilities to handle the larger containers.

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CHRONOLOGY

8-21 September	Cypriot Minister of Commerce Kolokassidhis visits China, signs trade and payments agreements. []	25X1
13-21 September	Zambian Assistant Minister of Trade and Industry C. H. Linyama visits China. []	25X1
14-21 September	Tanzanian Vice Minister of Foreign Affairs Isaac Abraham Sepetu visits PRC. []	25X1
14-22 September	Minister of Housing and Territorial Development of Chad visits China, signs trade and economic and technical cooperation agreements. []	25X1
17 September	Chi Peng-fei invites Japanese Foreign Minister Ohira to exchange visits later this year. []	25X1
19 September	Chinese oil tanker carrying first installment of crude oil sold to Tokyo arrives in Kashima, Japan. []	25X1
20 September	Huang Hua speaks at the General Committee of the UN in favor of the Algerian resolution on Korea. []	25X1
	Technical Aid agreement signed with Malta. []	25X1
	Newly arrived ambassadors from New Zealand and Spain meet with Chou En-lai. []	25X1
	Nepalese Minister of Foreign Affairs and Finance ends visit to China. []	25X1
21-24 September	Egyptian Vice President Shafi visits China, has extensive talks with Chou En-lai and a long meeting with Mao. []	25X1
25 September	Chi Peng-fei sends International Bank and International Monetary Fund messages demanding expulsion of Nationalist China from both organizations. []	25X1
27 September	Edgar Snow's ashes brought to Peking for interment. []	25X1
28 September	China signs technical cooperation agreement with Yugoslavia. []	

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Joint editorial in honor of National Day called for study of Tenth Party Congress documents and new achievements to greet National People's Congress. [REDACTED]

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Chiao Kuan-hua arrives in New York to lead PRC delegation to UN General Assembly session. [REDACTED]

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24th anniversary of PRC marked by gala parties in Peking's parks attended by top leadership. [REDACTED]

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